



U.S. DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board Docket 82-2011

Foreign-Trade Subzone 41H Application for Expansion Mercury Marine (Marine Propulsion Products) Fond du Lac and Oshkosh, Wisconsin

An application has been submitted to the Foreign-Trade Zones Board (the Board) by the Port of Milwaukee, grantee of FTZ 41, on behalf of Mercury Marine, operator of Subzone 41H at Mercury Marine's marine propulsion products manufacturing facilities in Fond du Lac and Oshkosh, Wisconsin, requesting authority to expand the scope of FTZ manufacturing authority to include additional finished products and foreign-origin components. The application was submitted pursuant to the provisions of the Foreign-Trade Zones Act, as amended (19 U.S.C. 81a-81u), and the Board's regulations (15 CFR part 400). It was formally filed on December 19, 2011.

Subzone 41H was approved by the Board in 1999 with authority granted for the manufacturing of marine propulsion products at Mercury Marine's facilities located in Fond du Lac and Oshkosh, Wisconsin (Board Order 1065, 64 FR 63787, 11-22-1999). The subzone is comprised of the following sites: *Site 1* (12 acres)—Plant 95, 325 Larsen Drive, Fond du Lac; *Site 2* (9 acres)—Plants 4 and 98, 660 South Hickory Street, Fond du Lac; *Sites 3 and 4* (29 acres)—Plant 4, 660 South Hickory Street, Fond du Lac, *Site 5* (21 acres)—Plant 17, W6207 Pioneer Road, Fond du Lac; *Site 6* (11 acres)—Plant 17A, 771 South Military Road, Fond du Lac; *Site 7* (79 acres)—Plants 3, 10, 12, 15, and 52, W6250 Pioneer Road, Fond du Lac; *Site 8* (1 acre)—adjacent to Site 3 at Pioneer Road; *Site 9* (2 acres)—Water Street Plant, Water Street;

Fond du Lac; *Site 10* (13 acres)–Plant 36, N7480 County Road UU, Fond du Lac; and, *Site 11* (10 acres)–Plants 33 and 64, 445-505 Marion Road in Oshkosh, Wisconsin. The facilities (2,479 employees) are used to produce marine inboard, outboard and jet pump engines for the U.S. market and export. Components and materials sourced from abroad include: oil, alcohols, adhesives, plastic casings, adhesive sheets/plates, ethylene bags, packaging materials, rubber profiles/tubes/hoses/gaskets, belts, valves, ball/roller bearings, oil seals, antifreeze, articles of wood, paper books and labels, decals, PVC, fiberglass, iron or non alloy tubes/pipes/ profiles/fittings, chain, fasteners, springs, wire/cable, base metal mountings, internal parts of marine engines, gears, ignition systems, electrical components, compasses, gauges, measuring and controlling instruments, starters, flywheels, pulleys, shafts, electric motors, propellers, electromagnetic couplings, electronic components, pumps, and filters (duty rates: free – 9.8%).

The applicant is now requesting authority to expand the scope of authority to include marine stern drives and transom assemblies as additional finished products to be manufactured under FTZ procedures. The applicant also requests that the scope of FTZ manufacturing authority be expanded to include additional foreign-sourced components to be used in FTZ production activity. New components to be sourced from abroad (representing 41% of the value of the finished products) include: transom fittings, fittings, linear (fluid power) cylinders, covers, propeller hub assemblies, and electrodes (anodes) (duty rate range: free – 6.2%). Expanded FTZ procedures could continue to exempt Mercury Marine from customs duty payments on the additional foreign-origin components used in production for export. On its domestic shipments, the company would be able to elect the duty rates during customs entry procedures that apply to finished stern drives and transom assemblies (free – 3.9%) for

the foreign inputs noted above. Customs duties also could possibly be deferred or reduced on foreign status production equipment. Mercury Marine would also be exempt from duty payments on foreign inputs that become scrap during the production process.

In accordance with the Board's regulations, Pierre Duy of the FTZ Staff is designated examiner to evaluate and analyze the facts and information presented in the application and case record and to report findings and recommendations to the Board.

Public comment is invited from interested parties. Submissions (original and 3 copies) shall be addressed to the Board's Executive Secretary at the following address: Office of the Executive Secretary, Room 2111, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230-0002. The closing period for receipt of comments is ***[insert 60 days from date of publication]***. Rebuttal comments in response to material submitted during the foregoing period may be submitted during the subsequent 15-day period to March 7, 2012.

A copy of the application will be available for public inspection at the Office of the Foreign-Trade Zones Board's Executive Secretary at the address listed above and in the "Reading Room" section of the Board's website, which is accessible via www.trade.gov/ftz. For further information, contact Pierre Duy at Pierre.Duy@trade.gov or (202) 482-1378.

Dated: December 19, 2011

Andrew McGilvray
Executive Secretary